CONOMIC

NNOVATION &

ECHNOLOGY

OUNCIL

Economic Innovation and Technology Council

Annual Réport 2004 – 2005

Conseil de l'innovation économique
et de la technologie

Rapport annuel 2004 - 2005

105-07191/

Economic Innovation and Technology Council
Conseil de l'innovation économique et de la technologie

Economic Innovation and Technology Council

Annual Réport 2004 – 2005

Conseil de l'innovation économique
et de la technologie

Rapport annuel 2004 - 2005

Table of Contents

Letter of Transmittal iii

Letter de presentation iv

Mandate, Mission and Goals v

Activities/Results
- MindSet vi
- Targeted Geosciences Initiative vi

Mandat, mission et objectifs vii

Activités et résultants viii
- Réseau manitobain favorisant la science et la technologie MindSet viii
- Initiative géo scientifique ciblée viii

Financial Statements

- Auditors' Report 1
- Balance Sheet 2
- Statements of Revenue, Expenditure, and Funds Retained 3
- Statement of Project Revenue and Expenditures 4
- Statement of Cash Flows 5
- Notes to the Financial Statements 6-8

Schedule of Expenses 9

Letter of Transmittal

July 29, 2005

Honourable Dave Chomiak
Minister responsible for
the Economic Innovation and Technology Council
333 Legislative Building
Winnipeg Manitoba R3C 0V8

May it Please Your Honour:

I have the privilege of presenting the Annual Report of the Economic Innovation and Technology Council for the year ending March 31, 2005.

Respectfully submitted,

John Clarkson
Deputy Minister
Energy, Science and Technology

Lettre de présentation

Le 29 juillet 2005

M. Dave Chomiak
Ministre responsable du
Conseil de l'innovation économique et de la technologie
Palais législatif, bureau 314
Winnipeg (Manitoba) R3C 0V8

Monsieur le Ministre :

J'ai le privilège de vous soumettre le rapport annuel du Conseil de l'innovation économique et de la technologie pour l'exercice terminé le 31 mars 2005.

C'est avec mes respects, Monsieur le ministre, que je vous soumets ce document.

John Clarkson,
sous-ministre
Énergie, Sciences et Technologie

Economic Innovation & Technology Council

MANDATE, MISSION AND GOALS

The Economic Innovation and Technology Council (EITC) acts as a catalyst in establishing partnerships and alliances for increased economic development through innovation.

PRIORITIES

To be a catalyst and to focus on economic development through innovation, EITC's priorities will be in the areas of:
Development of partnerships to support community development exercises that are based on innovation;

- Diversification of economic development activities to support community economic development needs in the new economy;
- Support for the development of opportunities to enhance the government's economic development priorities of:
  - creating a skilled workforce
  - provide exciting opportunities for employment within communities
  - build on the existing provincial strengths in education, manufacturing, aerospace, financial services, health and agriculture
  - focus on energy intensive and new economy opportunities.

OPERATING GUIDELINES

The EITC Board is appointed by government and is currently made up of the following:
- Hugh Eliasson (Chair)
- Don Potter
- Eugene Kostyra
- John Clarkson.

The EITC Board will meet at least four times per year and will be responsible for the approval of all expenditures related to EITC. A quorum for the board meetings will be defined as one of the Chair or Vice-Chair and at least two other members. To ensure timely treatment of issues, the board will also circulate material and use e-mail as a mechanism to approve expenditures.

EITC will provide quarterly reports to Treasury Board and CEDC on actions taken and the results of those actions. An annual report and audited financial statements will be provided reporting on the activities of EITC by July 31 of each year.

EITC will be supported the staff of the Strategic Planning and Analysis Division in the Department of Energy, Science and Technology.

ACTIVITIES/RESULTS

Manitoba Network for Science and Technology (MindSet)

The Manitoba Network for Science and Technology (MindSet) encourages and promotes science and technology (S&T) awareness, knowledge and skills among K-12 students. Specifically, MindSet works with businesses, educational institutions and government departments to improve school-to-work transition in science and technology areas. In 2004/05 MindSet activities included support for a program co-ordinator and involvement in a variety of year-round S&T awareness activities including: Aventis Biotechnology Challenge; Microsoft Partners in Learning Program; Digitized Student Technology Conferences; Manitoba-Israel Life Sciences Collaboration; Manitoba Science and Technology Achievement Event; Teacher Summer Institutes (e.g. mobile learning, new media and information and communications technologies workshops); and support for various school science fairs.

Targeted Geoscience Initiative

This project is a multidisciplinary, coordinated geoscientific study aimed at characterizing and understanding basin architecture and hydrocarbon potential in the Williston Basin. This Targeted Geoscience Initiative project is currently completing a two year study which involved new work that builds on established scientific leadership, cooperation and expertise amongst federal and provincial government agencies and universities. The result will be a seamless 3-D geological model of Paleozoic- and Mesozoic-aged rocks, from basement to outcrop, in Manitoba and Saskatchewan, in a geographic area extending from the northern and eastern outcrop edge to the international border, and west to 106°. A major objective is to enhance our understanding of the basin's hydrocarbon and mineral potential.

The first set of Lower Paleozoic maps were released on April 25th, 2005 as a web release at www.willistontgi.com. Subsequent maps sets (Devonian, Mississippian and Mesozoic) will be released throughout 2005. The final report will be completed in early 2006.

The project partners and contributing agencies include:

- Federal Government— Natural Resources Canada - Earth Sciences Sector
- Province of Manitoba
    - Economic Innovation and Technology Council
    - Industry, Economic Development and Mines
        - Manitoba Geology Surveys
        - Petroleum Branch
- Province of Saskatchewan – Industry and Resources – Petroleum Geology Branch
- University of Alberta University of Saskatchewan .

MANDAT, MISSION ET OBJECTIFS

Le Conseil de l'innovation économique et de la technologie (CIET) joue un rôle de catalyseur en créant des partenariats qui favorisent le développement économique par le biais de l'innovation.

PRIORITÉS

Pour servir de catalyseur et se concentrer sur le développement économique par le biais de l'innovation, le CIET s'est fixé les priorités suivantes :

- formation de partenariats qui appuient les projets de développement communautaire fondés sur l'innovation;
- diversification d'activités qui répondent aux besoins de développement économique communautaire dans la nouvelle économie;
- soutien proactif de toute occasion qui s'offre d'appuyer les priorités du gouvernement en matière de développement économique, à savoir :
  - créer une main-d'œuvre qualifiée;
  - fournir des possibilités intéressantes d'emploi dans les collectivités;
  - miser sur les forces provinciales existantes dans les domaines de l'éducation, de l'industrie manufacturière, de l'aérospatiale, des services financiers, de la santé et de l'agriculture;
  - se concentrer sur de nouvelles possibilités économiques, en particulier dans les secteurs à haute intensité énergétique.

PRINCIPES DE FONCTIONNEMENT

Le conseil d'administration du CIET est nommé par le gouvernement et comprend les membres suivants:

- M. Hugh Eliasson (président);
- M. Don Potter;
- M. Eugene Kostyra;
- M. John Clarkson.

Le conseil d'administration du CIET se réunit au moins quatre fois par an et doit autoriser toutes les dépenses liées au CIET. Quant aux réunions du conseil, un quorum comprend le président ou le vice-président et au moins deux autres membres. Afin de veiller à ce que les questions soient traitées dans un délai convenable, le conseil distribue des documents et envoie des messages par voie électronique pour l'autorisation des dépenses.

Le CIET fournit au Conseil du Trésor et au Comité du Cabinet chargé du développement économique et communautaire des rapports trimestriels portant sur ses activités et sur les résultats de celles-ci. Le CIET présente également avant le 31 juillet de chaque année un rapport annuel et des états financiers vérifiés décrivant ses activités.

La Division de la planification stratégique et de l'analyse du ministère de l'Énergie, des Sciences et de la Technologie appuie les activités du CIET.

ACTIVITÉS ET RÉSULTATS

Réseau manitobain favorisant la science et la technologie (MindSet)

Le Réseau manitobain favorisant la science et la technologie encourage et facilite la sensibilisation, les connaissances et les compétences en science et technologie chez les élèves, de la maternelle à la douzième année. Mindset travaille plus précisément avec les entreprises, les établissements d'enseignement et les ministères gouvernementaux pour favoriser la transition école-travail dans les domaines de la science et de la technologie. En 2004-2005, il a appuyé le travail d'un coordonnateur de programme en plus de participer toute l'année durant à un éventail d'activités de sensibilisation à la science et à la technologie comprenant : Aventis Biotechnology Challenge; programme Partenaires de Microsoft en apprentissage; conférences sur la technologie en milieu scolaire (Digitized Conference); collaboration dans le domaine des sciences de la vie entre le Manitoba et Israël, manifestation soulignant l'excellence dans les secteurs des sciences et de la technologie au Manitoba; séminaires d'été pour les enseignants (p. ex. ateliers de travail sur les technologies de l'enseignement électronique sans fil, des nouveaux médias, de l'information et des communications); soutien à diverses expo-sciences en milieu scolaire.

Initiative géoscientifique ciblée

Il s'agit d'une étude géoscientifique pluridisciplinaire coordonnée dont l'objectif est de caractériser et de comprendre l'architecture et le potentiel d'hydrocarbures du bassin Williston. L'Initiative géoscientifique ciblée arrive au terme d'une étude de deux ans qui comprend des nouveaux travaux fondés sur le leadership scientifique reconnu, la collaboration et les connaissances d'universités et d'organismes gouvernementaux au niveau fédéral et provincial. Le résultat sera un modèle géologique tridimensionnelle de pierres du Paléozoïque et du Mésozoïque, du socle à l'affleurement, au Manitoba et en Saskatchewan, dans une zone géographique allant du bord de l'affleurement du nord et de l'est jusqu'à la frontière internationale, et à l'ouest jusqu'au 106^{e} parallèle. L'un des principaux objectifs est de mieux comprendre le potentiel en hydrocarbures et en minéraux du bassin.

La première série de cartes du Paléozoïque inférieur a été dévoilée le 25 avril 2005 lors d'une publication sur Internet à l'adresse www.willistontgi.com. Les séries de cartes suivantes (Dévonien, Mississippien et Mésozoïque) seront publiées au cours de l'année 2005.Le rapport final sera terminé au début de l'année 2006.

Les partenaires et les organismes qui contribuent au projet incluent les suivants :

- le gouvernement fédéral – Ressources naturelles Canada – Secteur des sciences de la Terre
- la Province du Manitoba
    - Conseil de l'innovation économique et de la technologie
    - Industrie, Développement économique et Mines
        - Levés géologiques du Manitoba
        - Direction des ressources pétrolières
- la Province de la Saskatchewan – Industry and Resources – Petroleum Geology Branch
- les universités de l'Alberta et de la Saskatchewan.

Economic Innovation and Technology Council Financial Statements

March 31, 2005

Contents

	Page
Auditors' Report	1
Balance Sheet	2
Statements of Revenue, Expenditure, and Funds Retained	3
Statement of Project Revenue and Expenditures	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-8
Schedule of Expenses	9

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Members of the Economic Innovation and Technology Council

We have audited the balance sheet of the Economic Innovation and Technology Council as at March 31, 2005 and the statements of revenue, expenditure and funds retained, project revenue and expenditures and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 6, 2005

Economic Innovation and Technology Council

Exhibit A

Balance Sheet

As at March 31

	2005	2004
Assets		
Current		
Petty cash	$ 400	$ 400
Funds on deposit		
Minister of Finance		
Cash	90,955	280,028
Term deposits (and accrued interest)	91,898	
Other		425
Accounts receivable		
Province of Manitoba	2,939	3,294
Other	122,327	45,808
Prepaid expenses	768	
	309,287	329,955
Investment in Manitoba Technology Centre Ltd. (Note 4)	1	1
	$ 309,288	$ 329,956
Liabilities		
Current		
Accounts payable and accrued liabilities		
Province of Manitoba	$ 12,657	$ 103,643
Unearned project receipts	187,665	93,624
	200,322	197,267
Equity		
Funds retained (Exhibit B)	108,966	132,689
	$ 309,288	$ 329,956

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Exhibit B

Statements of Revenue, Expenditure and Funds Retained

Year Ended March 31	2005	2004
Revenue		
Government of Canada, program grant	$ 46,147	$ 46,936
Sundry	2,154	53,688
	48,301	100,624
Expenditure		
Operating expenses (Schedule 1)	72,024	127,094
Deficiency of revenue over expenditure	$ 23,723	$ 26,470
Funds retained, beginning of year	$ 132,689	$ 159,159
Deficiency of revenue over expenditure	23,723	26,470
Funds retained, end of year (Exhibit A)	$ 108,966	$ 132,689

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Statement of Project Revenue and Expenditures

Exhibit C

Year Ended March 31	2005	2004
Receipts (by Program/Project)		
Bio Technology		
Event registrations	$	$ 9,079
Event sponsorships		5,164
Business of Science		
Contribution from Province of Manitoba (Note 4)		14,018
Event registrations		29,409
Event sponsorships		108,048
Energy initiatives		
Contribution from Government of Canada	**151,303**	
Contribution from Province of Manitoba (Note 4)	**50,000**	
Program sponsors	**34,438**	
Program sponsors - In-Kind Support	**115,087**	
MindSet - Science and Technology Awareness		
Contribution from Province of Manitoba (Note 4)	**246,050**	217,169
Program registrations	**8,000**	1,300
Program sponsorships	**70,069**	34,535
PharmaTech		
Program sponsorships	**1,940**	28,069
Targeted Geoscience Initiatives		
Contribution from Government of Canada	**333,881**	279,136
	1,010,768	725,927
Expenditure (by Program/Project)		
BioTechnology		14,243
Business of Science		151,475
Energy initiatives	**235,741**	
Energy initiatives - In-Kind Support	**115,087**	
MindSet - Science and Technology Awareness	**324,119**	253,004
PharmaTech	**1,940**	28,069
Targeted Geoscience Initiatives	**333,881**	279,136
	1,010,768	725,927
Excess of revenue over expenditures retained	$ -	$ -

See accompanying notes to the financial statements.

Economic Innovation and Technology Council

Exhibit D

Statement of Cash Flows

Year Ended March 31

	2005	2004
Increase (decrease) in cash and funds on deposit		
Operating		
Deficiency of Council operations revenue over expenditure (Exhibit B)	$ (23,723)	$ (26,470)
Net changes in non-cash working capital balances		
Accounts receivable	(76,164)	87,768
Note receivable		124,999
Prepaid expenses	(768)	
Accounts payable and accrued liabilities	(90,986)	15,775
Unearned project revenues	94,041	69,674
Net (decrease) increase in cash	(97,600)	271,746
Cash and funds on deposit, beginning of year	280,853	9,107
Cash and funds on deposit, end of year	$ 183,253	$ 280,853
Represented by:		
Cash	$ 400	$ 400
Funds on deposit		
Minister of Finance		
Cash	90,955	280,028
Term deposits	91,898	
Other		425
	$ 183,253	$ 280,853

See accompanying notes to the financial statements.

Economic Innovation and Technology Council
Notes to the Financial Statements
March 31, 2005

1. Establishment of the Council and nature of operations

The Economic Innovation and Technology Council (EITC) was established by the Economic Innovation and Technology Council Act on September 1, 1992. Pursuant to the Act, the purpose of EITC is to foster economic development and to support economic restructuring and commercialization in technology so as to enable Manitoba to compete effectively in a global market economy. EITC's mission statement is "to promote and enhance a climate of innovation, entrepreneurship, and technological development that spurs responsible economic development for the benefit of Manitobans".

EITC is economically dependent upon the Province of Manitoba.

2. Significant accounting policies

a) Basis of reporting

The financial statements are prepared in accordance with Canadian generally accepted accounting principles.

b) Cash and funds on deposit

Cash and funds on deposit include cash on hand, balances with the Minister of Finance, short-term deposits with original maturities of three months or less and balances with banks.

c) Use of estimates

In preparing the Council's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

3. Investment in Manitoba Technology Centre Ltd.

Effective June 1, 1996, EITC discontinued its role in the operations of the Environmental Sciences Centre (ESC). Prior to June 1, 1996, the financial activities of ESC were reflected in the financial statements of EITC. On June 1, 1996, EITC entered into a public/private partnership with Enviro-Test Laboratories, a division of ETL Chemspec Analytical Limited (ETL). A new corporation, Manitoba Technology Centre Ltd. (MTC), was incorporated and certain assets of EITC, namely the assets of ESC, were transferred to MTC pursuant to an Asset Purchase Agreement in exchange for 25 Class A Common Shares with a paid-up capital value of $25, 1,500,000 Class A Special Preferred Shares with a redemption and paid-up capital value of $875,000, and 1 Class B Special Preferred Share with a paid-up capital value of $1. Subsequent to the Asset Purchase Agreement, MTC issued 75 Class A Common Shares with a paid-up capital value of $75 to ETL. A Unanimous Shareholders Agreement between EITC and ETL sets out the rights and obligations in respect of the shares of MTC. The regular operations and management of MTC are the responsibility of ETL.

Class A Special Preferred Shares

Each Class A Special Preferred Share was non-voting, redeemable and retractable on a semi-annual basis, with one share cancelled for each dollar contributed or invested by ETL in equipment, facilities, management and marketing. The redemption amount of the shares was equal to the agreed value of ESC's contributed assets of $875,000 divided by 1,500,000 or $.5833 per share. As part of the Unanimous Shareholders Agreement, ETL was committed to contributing $1,500,000 over the first three years of the agreement.

All Class A Special Preferred Shares were redeemed prior to May 31, 2002.

Class B Special Preferred Share

The Class B Special Preferred Share is non-voting, retractable and redeemable at $1.00 per share.

Effective May 31, 2002, EITC has the option of retaining ownership of the Class B Special Preferred Share as long as it may wish and be entitled for so long as it holds this share to nominate one director to the Board of Directors provided that:

1. EITC no longer holds any common shares;

2. MTC continues to occupy premises owned by the Province of Manitoba; and

3. MTC has material contracts with the Province of Manitoba.

Common Shares

On May 31, 1999, MTC redeemed EITC's 25 common shares with a paid up capital value of $25 for $434,200.

The redemption price was paid in instalments and has been fully paid. A gain of $434,175 resulting from this redemption was recorded.

4. Related party transactions

EITC is related in terms of common ownership to all departments, agencies and Crown corporations created by the Province of Manitoba. EITC enters into transactions with these entities in the normal course of business.

5. Pension plan

In accordance with the provisions of The Civil Service Superannuation Act, employees of EITC are required to contribute to the Civil Service Superannuation Fund at prescribed rates for defined benefits. EITC is required to make contributions equal to the amounts contributed to the Fund by employees. Under this Act, EITC has no further pension liability.

6. Financial instruments

The Council's financial instruments consist of cash, funds on deposit, accounts receivable, prepaid expenses, investment in Manitoba Technology Centre, accounts payable and accrued liabilities and unearned project receipts. It is management's opinion that the Council is not exposed to significant credit or interest rate risk. The fair value of thesé financial instruments approximates their carrying values.

Economic Innovation and Technology Council
Schedule of Expenses

Schedule 1

Year Ended March 31

	2005	2004
Advertising and promotion	**$ 10,000**	$ 10,367
National Research Council		
Industrial Research Assistance Program	**46,147**	47,771
Council activities		20,531
Equipment rental and maintenance	**5,006**	36
Fees, memberships and conferences	**5,000**	
Postage, delivery and telephone		342
Printing and stationery		1,111
Professional fees	**5,871**	16,725
Purchased services		30,071
Rental and property tax		140
	$ 72,024	$ 127,094